

IC MEMORANDUM 10-04



TO: KEHP Insurance Coordinators

FROM: Department of Employee Insurance (DEI)

RE: Disenrollment of Medicare-Eligible, Active Employees
From Commonwealth-Sponsored, Medicare Supplement Plans

DATE: January 20, 2010

Commonwealth of Kentucky
Personnel Cabinet
Department of Employee Insurance
2nd Floor, State Office Building
501 High Street
Frankfort, Kentucky 40601

Web Site: <http://kehpn.ky.gov>

Federal Medicare law that applies to the Kentucky Employees' Health Plan (KEHP) and various Commonwealth-sponsored retirement systems, requires a change in the way those groups provide healthcare coverage to certain retirees who are Medicare-eligible and who have returned to work as active employees.

Impact to ICs

If you have employees in your agency impacted by this change, you will receive a list of names by mail. Attached to this memo is a copy of the letter notifying them of the change and a copy of the special KEHP Application. KRS, KTRS and the Judicial/Legislative Retirement systems provided KEHP with the list of Medicare-eligible, active employees who must terminate and disenroll from their Medicare Supplement Plans. These members are also being allowed by KEHP to adjust their 2010 KEHP enrollment elections if they choose. **Both changes must be made by Jan. 29, 2010.**

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Letters and forms will be sent directly to the members.

- Each member has been instructed to mail the Medicare Supplement disenrollment form directly to the applicable retirement system, and the KEHP application form directly to KEHP; you do not need to sign these forms.
- If there are changes to a member's KEHP enrollment elections, KEHP will mail a list of all changes after the enrollment is complete.

Please direct, to the member's retirement system, all questions related to termination of and disenrollment from a Medicare Supplement Plan.

Steps ICs should take in the future:

- First, refer each return-to-work employee who is Medicare-eligible and participating in a KRS, KTRS or Judicial/Legislative Retirement system to the appropriate retirement system for a determination of whether the employee must terminate Medicare Supplement coverage.
- Second, the Medicare-eligible, active employee should be treated as any other active employee and be given the opportunity to enroll in a KEHP benefit plan.
 - Provide the employee with the KEHP enrollment application and information.
 - Note: all KEHP Benefit Plans, including the "waiver" HRA, must be primary to (i.e. pay before) Medicare-covered expenses. This means that Medicare is the secondary payer and payment will be made by a primary payer (KEHP Benefit Plan or "waiver" HRA) for services that are covered under Medicare.

The KEHP Administration Manual will be updated to reflect these changes.

Attachments: Letter to Employee (sample from KRS)
Special KEHP Application

